

Senate Study Bill 1190

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON McKIBBEN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to local taxes and budgets by requiring a super
2 majority vote on state appropriations funding certain property
3 tax credits and exemptions and providing local government
4 assistance and on legislation increasing maximum property tax
5 rates, including certain law enforcement expenses as general
6 county services, requiring counties to establish property tax
7 replacement funds, establishing an ending fund balances
8 limitation for counties, defining terms related to the county
9 budgeting process, providing for an ad valorem tax on mobile
10 homes and manufactured homes, allowing counties to employ a
11 multicounty assessor, relating to property assessment
12 guidelines and providing for state payment reductions, setting
13 assessment limitations on residential and agricultural
14 property and on commercial and industrial property,
15 classifying commercial and industrial property as one taxation
16 class, allowing for appeal of assessments of industrial
17 property to the director of revenue and finance, establishing
18 a property tax limitation for cities and counties; and
19 including effective and applicability dates.
20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
21 TLSB 3427SC 80
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1 1 Section 1. Section 24.48, unnumbered paragraphs 4, 5, and
1 2 7, Code 2003, are amended by striking the unnumbered
1 3 paragraphs.
1 4 Sec. 2. Section 24.48, unnumbered paragraph 6, Code 2003,
1 5 is amended to read as follows:
1 6 For purposes of this section only, "political subdivision"
1 7 means a ~~city~~, school district, or any other special purpose
1 8 district which certifies its budget to the county auditor and
1 9 derives funds from a property tax levied against taxable
1 10 property situated within the political subdivision, except
1 11 that it does not mean a city or a county.
1 12 Sec. 3. Section 25B.7, Code 2003, is amended by adding the
1 13 following new subsection:
1 14 NEW SUBSECTION. 4. Beginning with property taxes due and
1 15 payable in the fiscal year beginning July 1, 2004, the state
1 16 appropriation made to fund a property tax credit or exemption
1 17 shall not be reduced from the appropriation made for the
1 18 property tax credit or exemption for the prior fiscal year
1 19 unless the reduced appropriation receives approval of three=
1 20 fifths of the members of each house of the general assembly.
1 21 The property tax credits and exemptions subject to this
1 22 section include, but are not limited to, the following:
1 23 a. Homestead tax credit pursuant to sections 425.1 through
1 24 425.15.
1 25 b. Low-income property tax credit and elderly and disabled
1 26 property tax credit pursuant to sections 425.16 through
1 27 425.40.
1 28 c. Family farm tax credit pursuant to chapter 425A.
1 29 d. Agricultural land tax credit pursuant to chapter 426.
1 30 e. Military service property tax credit and exemption
1 31 pursuant to chapter 426A.
1 32 Sec. 4. NEW SECTION. 25B.8 PROPERTY TAX REPLACEMENT
1 33 DOLLARS.
1 34 1. The general assembly finds that property tax revenue is
1 35 no longer an equitable method of funding local government
2 1 services for residents and should be replaced with alternative
2 2 sources of revenue. The general assembly further finds that
2 3 the ownership or leasing of property is not an indication of
2 4 the amount or level of services consumed or an indication of a
2 5 person's ability to pay property taxes. It is the intent of

2 6 the general assembly to refrain from imposing property tax
2 7 increases on the property taxpayers of this state and to
2 8 replace property taxes with alternative sources of revenue.
2 9 2. For the fiscal year beginning July 1, 2004, and all
2 10 subsequent fiscal years, the general assembly shall not
2 11 approve an increase in any maximum property tax levy rate
2 12 authorized by state law unless the increased maximum property
2 13 tax levy rate receives approval of three-fifths of the members
2 14 of each house of the general assembly.
2 15 3. For the fiscal year beginning July 1, 2004, and all
2 16 subsequent fiscal years, the general assembly shall not
2 17 approve a reduction in appropriations for local government
2 18 assistance unless the reduced appropriation receives approval
2 19 of three-fifths of the members of each house of the general
2 20 assembly.
2 21 For purposes of this subsection, "local government
2 22 assistance" means those revenues estimated to be received by
2 23 political subdivisions in the budget year under chapter 426B,
2 24 chapter 437A, subchapter II, and section 257.1 as it relates
2 25 to the regular program foundation base per pupil and the
2 26 special education support services foundation base per pupil,
2 27 and sections 405A.3, 405A.4, 405A.10, and 427B.17 through
2 28 427B.19D, and amounts appropriated by the general assembly for
2 29 property tax relief first enacted for fiscal years beginning
2 30 on or after July 1, 2004.
2 31 Sec. 5. Section 331.401, subsection 1, Code 2003, is
2 32 amended by adding the following new paragraph after paragraph
2 33 c:
2 34 NEW PARAGRAPH. cc. Establish a property tax replacement
2 35 fund in accordance with section 331.430A.
3 1 Sec. 6. Section 331.421, Code 2003, is amended by adding
3 2 the following new subsections:
3 3 NEW SUBSECTION. 1A. "Budget year" is the fiscal year
3 4 beginning during the calendar year in which a budget is first
3 5 certified.
3 6 NEW SUBSECTION. 2A. "Current fiscal year" is the fiscal
3 7 year ending during the calendar year in which a budget is
3 8 first certified.
3 9 NEW SUBSECTION. 5A. "Fee-supported services" means those
3 10 services provided to political subdivisions or residents of
3 11 political subdivisions for a fee pursuant to an agreement
3 12 entered into under chapter 28E regardless of whether such
3 13 services are also provided to residents of the unincorporated
3 14 area of the county providing the service.
3 15 NEW SUBSECTION. 7A. "Previous fiscal year" is the fiscal
3 16 year ending during the calendar year previous to the calendar
3 17 year in which a budget is first certified.
3 18 Sec. 7. Section 331.421, subsection 7, Code 2003, is
3 19 amended to read as follows:
3 20 7. "General county services" means ~~the services which are~~
3 21 ~~primarily intended to that~~ benefit all residents of ~~a the~~
3 22 county, including secondary road services and fee-supported
3 23 services, but excluding rural county services and services
3 24 financed by other statutory funds.
3 25 Sec. 8. Section 331.421, subsection 8, Code 2003, is
3 26 amended to read as follows:
3 27 8. "Rural county services" means ~~the services which are~~
3 28 ~~primarily intended to that exclusively~~ benefit those persons
3 29 residing in the county outside of incorporated city areas,
3 30 ~~including and~~ secondary road services, but excluding services
3 31 financed by other statutory funds.
3 32 Sec. 9. Section 331.422, unnumbered paragraph 1, Code
3 33 2003, is amended to read as follows:
3 34 Subject to this section and sections 331.423 through
3 35 ~~331.426~~ 331.425 or as otherwise provided by state law, the
4 1 board of each county shall certify property taxes annually at
4 2 its March session to be levied for county purposes as follows:
4 3 Sec. 10. Section 331.424A, subsection 4, Code 2003, is
4 4 amended to read as follows:
4 5 4. For the fiscal year beginning July 1, 1996, and for
4 6 each subsequent fiscal year, the county shall certify a levy
4 7 for payment of services. For each fiscal year, county
4 8 revenues from taxes imposed by the county credited to the
4 9 services fund shall not exceed an amount equal to the amount
4 10 of base year expenditures for services as defined in section
4 11 331.438, less the amount of property tax relief to be received
4 12 pursuant to section 426B.2, in the fiscal year for which the
4 13 budget is certified. The county auditor and the board of
4 14 supervisors shall reduce the amount of the levy certified for
4 15 the services fund by the amount of property tax relief to be
4 16 received. A levy certified under this section is not subject

4 17 to the appeal provisions of section ~~331.426~~ 444.25, subsection
4 18 5, or to any other provision in law authorizing a county to
4 19 exceed, increase, or appeal a property tax levy limit.
4 20 Sec. 11. Section 331.425, unnumbered paragraph 1, Code
4 21 2003, is amended to read as follows:
4 22 The board may certify an addition to a levy in excess of
4 23 the amounts otherwise permitted under sections 331.423, and
4 24 ~~331.424, and 331.426~~ if the proposition to certify an addition
4 25 to a levy has been submitted at a special levy election and
4 26 received a favorable majority of the votes cast on the
4 27 proposition. A special levy election is subject to the
4 28 following:
4 29 Sec. 12. Section 331.427, subsection 2, Code 2003, is
4 30 amended by adding the following new paragraph:
4 31 NEW PARAGRAPH. n. Salary costs and expenses incurred in
4 32 the performance of all law enforcement responsibilities
4 33 including, but not limited to, the following:
4 34 (1) Law enforcement services provided by the sheriff, as
4 35 defined in section 331.101.
5 1 (2) Expenses incurred by the sheriff pursuant to section
5 2 331.322 or chapter 34.
5 3 (3) Salaries, benefits, and expenses related to law
5 4 enforcement positions established pursuant to section 331.323,
5 5 subsection 2, and section 331.904, subsection 2.
5 6 (4) Powers and duties performed by the sheriff pursuant to
5 7 sections 331.651 through 331.661.
5 8 (5) Powers and duties performed by the sheriff pursuant to
5 9 chapters 356 and 356A.
5 10 Sec. 13. Section 331.428, subsection 3, Code 2003, is
5 11 amended to read as follows:
5 12 3. Appropriations specifically authorized to be made from
5 13 the rural services fund shall not be made from the general
5 14 fund, but may be made from other sources. Appropriations for
5 15 services made from the general fund for the current fiscal
5 16 year or previous fiscal year shall not be made from the rural
5 17 services fund for the budget year.
5 18 Sec. 14. NEW SECTION. 331.430A PROPERTY TAX REPLACEMENT
5 19 CREDIT.
5 20 1. Property tax replacement dollars received by a county
5 21 shall be credited to the county's property tax replacement
5 22 fund. The board shall not levy property taxes for or make
5 23 appropriations from the property tax replacement fund other
5 24 than as provided in this section.
5 25 2. a. The county auditor shall reduce the certified tax
5 26 levy for the general fund received from the board of
5 27 supervisors for the budget year by an amount equal to the
5 28 amount in the property tax replacement fund designated or
5 29 allocated for countywide property tax relief. The auditor
5 30 shall calculate the tax rate after the countywide property tax
5 31 replacement amount is applied to the certified levy.
5 32 b. The county auditor shall reduce the certified tax levy
5 33 for the rural services fund received from the board of
5 34 supervisors for the budget year by an amount equal to the
5 35 amount in the property tax replacement fund designated or
6 1 allocated for property tax relief in the unincorporated area.
6 2 The auditor shall calculate the tax rate after the property
6 3 tax replacement amount is applied to the certified levy.
6 4 c. Amounts deposited in the property tax replacement fund
6 5 not specifically designated or allocated for countywide
6 6 property tax relief or for property tax relief in the
6 7 unincorporated area shall be credited to the general fund in
6 8 the proportion that the total taxable valuation in the county
6 9 bears to the sum of the total taxable valuation in the county
6 10 and the taxable valuation in the unincorporated area of the
6 11 county and shall be credited to the rural services fund in the
6 12 proportion that the taxable valuation in the unincorporated
6 13 area of the county bears to the sum of the total taxable
6 14 valuation in the county and the taxable valuation in the
6 15 unincorporated area of the county.
6 16 3. On the tax list, the county auditor shall compute the
6 17 amount of taxes due and payable on each parcel before and
6 18 after the amount received from the property tax replacement
6 19 fund is used to reduce the county levy. The amounts shall be
6 20 computed separately for the general fund and the rural
6 21 services fund. The amount of property tax dollars reduced on
6 22 each parcel as a result of the moneys received from the
6 23 property tax replacement fund, if applicable, shall be noted
6 24 on each tax statement prepared by the county treasurer
6 25 pursuant to section 445.23.
6 26 4. As used in this section, "property tax replacement
6 27 dollars" means revenues estimated to be received in the budget

6 28 year under chapter 422B that are designated to be allocated
6 29 for property tax relief and amounts appropriated by the
6 30 general assembly for property tax relief first enacted for
6 31 fiscal years beginning on or after July 1, 2003. The amount
6 32 of property tax replacement dollars for the budget year shall
6 33 be adjusted to reflect revenue corrections or reconciliation
6 34 made during the current fiscal year for the previous fiscal
6 35 year.

7 1 Sec. 15. Section 331.434, unnumbered paragraph 1, Code
7 2 2003, is amended to read as follows:

7 3 Annually, the board of each county, subject to sections
7 4 331.423 through ~~331.426~~ 331.425 and other applicable state
7 5 law, shall prepare and adopt a budget, certify taxes, and
7 6 provide appropriations as follows:

7 7 Sec. 16. Section 331.434, Code 2003, is amended by adding
7 8 the following new subsection:

7 9 NEW SUBSECTION. 8. a. Budgeted ending fund balances for
7 10 a budget year in excess of twenty-five percent of budgeted
7 11 expenditures in either the general fund or rural services fund
7 12 for that budget year shall be explicitly reserved or
7 13 designated for a specific purpose and specifically described
7 14 in the certified budget. The certified budget for the budget
7 15 year shall include a description of any changes from the
7 16 current fiscal year to the explicitly reserved or designated
7 17 purpose for the excess ending fund balance as specifically
7 18 described in the certified budget. For purposes of this
7 19 section, ending fund balances shall be determined either on a
7 20 cash basis or an accrual basis, whichever is consistent with
7 21 the method used for the county's budget. The description
7 22 shall include the projected date that the expenditures will be
7 23 appropriated for the specific purpose. Budgeted ending fund
7 24 balances reserved or designated shall only be used for the
7 25 purpose specifically described in the certified budget. The
7 26 certified budget shall not be amended for the purpose of
7 27 changing the specific purpose after the budget year begins.

7 28 b. In a protest to the county budget under section
7 29 331.436, the county shall have the burden of proving that the
7 30 budgeted ending fund balances in excess of twenty-five percent
7 31 are reasonably likely to be appropriated for the explicitly
7 32 reserved or designated specific purpose by the date identified
7 33 in the certified budget.

7 34 c. The budgeted ending fund balance in excess of twenty=
7 35 five percent of expenditures for the general fund or rural
8 1 services fund shall be considered an increase in an item in
8 2 the budget for purposes of section 24.28. The state appeal
8 3 board may certify a decision in accordance with section 24.32
8 4 that requires a reduction in the budgeted ending fund balance
8 5 for a particular fund.

8 6 Sec. 17. Section 331.435, unnumbered paragraph 1, Code
8 7 2003, is amended to read as follows:

8 8 The board may amend the adopted county budget, subject to
8 9 sections 331.423 through ~~331.426~~ 331.425 and other applicable
8 10 state law, to permit increases in any class of proposed
8 11 expenditures contained in the budget summary published under
8 12 section 331.434, subsection 3.

8 13 Sec. 18. Section 331.436, Code 2003, is amended by adding
8 14 the following new unnumbered paragraph:

8 15 NEW UNNUMBERED PARAGRAPH. For purposes of a protest to the
8 16 adopted budget, "item" means a budgeted expenditure,
8 17 appropriation, or cash reserve from a fund for a service area,
8 18 program, program element, or purpose.

8 19 Sec. 19. NEW SECTION. 421.71 PROPERTY TAX STUDY
8 20 COMMITTEE.

8 21 1. An Iowa property tax study committee coordinated and
8 22 administered by the department of revenue and finance is
8 23 created.

8 24 2. a. The committee shall be composed of one member of
8 25 the Iowa senate appointed by the majority leader of the
8 26 senate, and one member of the Iowa house of representatives
8 27 appointed by the speaker of the house of representatives, the
8 28 governor or the governor's designee, the director of revenue
8 29 and finance or the director's designee, and the director of
8 30 the department of management or the director's designee.

8 31 b. The committee shall also be composed of the following
8 32 persons appointed by the director of revenue and finance:

8 33 (1) One representative of the Iowa state association of
8 34 counties.

8 35 (2) One representative of the Iowa league of cities.

9 1 (3) One representative of the Iowa association of school
9 2 boards.

9 3 (4) One representative of an organization representing

9 4 property taxpayers.
9 5 (5) One representative of an organization representing
9 6 agricultural interests.
9 7 (6) One representative of an organization representing
9 8 business and industry interests.
9 9 (7) One citizen representative.
9 10 3. Staffing for the committee shall be provided by the
9 11 department of revenue and finance and the department of
9 12 management.
9 13 4. The committee's duties shall include, but not be
9 14 limited to, the following:
9 15 a. Monitoring the implementation of this Act, including
9 16 shifts in property tax burden.
9 17 b. Recommending statutory changes relating to this Act.
9 18 c. Examining the impact of this Act on county and city
9 19 budgets.
9 20 d. Compiling information on the number of counties and
9 21 cities that each year appeal for additional property taxes
9 22 pursuant to section 444.25, subsection 5.
9 23 e. Examining the impact of this Act on the school aid
9 24 funding formula and recommending changes to the regular
9 25 program foundation formula.
9 26 f. Recommending other changes to property tax law that may
9 27 go beyond the scope of this Act, including, but not limited
9 28 to, the following:
9 29 (1) Changing the property tax classification of
9 30 multifamily housing and properties providing housing with
9 31 assisted living services from commercial to residential.
9 32 (2) Evaluating the public interest in the creation of a
9 33 separate property tax classification for private outdoor
9 34 recreational, open space, and park land and recommending
9 35 changes in the law to encourage private development of this
10 1 type of property.
10 2 5. The committee shall report annually to the general
10 3 assembly and the governor on the items listed in subsection 4.
10 4 6. This section is repealed effective July 1, 2009.
10 5 Sec. 20. Section 435.1, subsections 3, 5, and 7, Code
10 6 2003, are amended to read as follows:
10 7 3. "Manufactured home" means a factory-built structure
10 8 built under authority of 42 U.S.C. } 5403, that is required by
10 9 federal law to display a seal from the United States
10 10 department of housing and urban development, and was
10 11 constructed on or after June 15, 1976. ~~If a manufactured home~~
~~10 12 is placed in a manufactured home community or a mobile home~~
~~10 13 park, the home must be titled and is subject to the~~
~~10 14 manufactured or mobile home square foot tax. If a~~
~~10 15 manufactured home is placed outside a manufactured home~~
~~10 16 community or a mobile home park, the A manufactured home must~~
10 17 be titled and is to be assessed and taxed as real estate.
10 18 5. "Mobile home" means any vehicle without motive power
10 19 used or so manufactured or constructed as to permit its being
10 20 used as a conveyance upon the public streets and highways and
10 21 so designed, constructed, or reconstructed as will permit the
10 22 vehicle to be used as a place for human habitation by one or
10 23 more persons; but shall also include any such vehicle with
10 24 motive power not registered as a motor vehicle in Iowa. A
10 25 "mobile home" is not built to a mandatory building code,
10 26 contains no state or federal seals, and was built before June
10 27 15, 1976. ~~If a A mobile home is placed outside a mobile home~~
~~10 28 park, the home is to be assessed and taxed as real estate.~~
10 29 7. "Modular home" means a factory-built structure which is
10 30 manufactured to be used as a place of human habitation, is
10 31 constructed to comply with the Iowa state building code for
10 32 modular factory-built structures, and must display the seal
10 33 issued by the state building code commissioner. ~~If a modular~~
~~10 34 home is placed in a manufactured home community or mobile home~~
~~10 35 park, the home is subject to the annual tax as required by~~
~~11 1 section 435.22. If a A modular home is placed outside a~~
~~11 2 manufactured home community or a mobile home park, the home~~
~~11 3 shall be considered real property and is to be assessed and~~
11 4 taxed as real estate.
11 5 Sec. 21. Section 435.22, Code 2003, is amended by striking
11 6 the section and inserting in lieu thereof the following:
11 7 435.22 ASSESSMENT == CREDITS.
11 8 A mobile home or manufactured home used primarily as a
11 9 residence shall be assessed as residential property pursuant
11 10 to section 441.21, and shall be taxed an annual ad valorem tax
11 11 in the same manner as other residential property. A mobile
11 12 home or manufactured home used primarily for commercial or
11 13 industrial purposes shall be assessed as commercial and
11 14 industrial property pursuant to section 441.21, and shall be

11 15 taxed an annual ad valorem tax in the same manner as other
11 16 commercial or industrial property. A person who owns a mobile
11 17 home or manufactured home as a homestead is eligible for the
11 18 homestead tax credit provided in section 425.2. A person who
11 19 owns a mobile home or manufactured home as a homestead and who
11 20 meets the qualifications provided in sections 425.16 through
11 21 425.37 is eligible for an extraordinary property tax credit or
11 22 rent reimbursement. A person who owns a mobile home or
11 23 manufactured home and who meets the qualifications in chapter
11 24 426A is eligible for the military service tax credit.
11 25 Real estate located in a manufactured home community or a
11 26 mobile home park, as defined in section 435.1, shall be
11 27 assessed and taxed as residential property.
11 28 Sec. 22. Section 435.23, Code 2003, is amended to read as
11 29 follows:
11 30 435.23 EXEMPTIONS == PRORATING TAX.
11 31 The manufacturer's and dealer's inventory of mobile homes,
11 32 manufactured homes, or modular homes not in use as a place of
11 33 human habitation shall be exempt from the annual tax. All
11 34 travel trailers shall be exempt from this tax. The homes and
11 35 travel trailers in the inventory of manufacturers and dealers
12 1 shall be exempt from personal property tax. ~~The homes coming~~
~~12 2 into Iowa from out of state and located in a manufactured home~~
~~12 3 community or mobile home park shall be liable for the tax~~
~~12 4 computed pro rata to the nearest whole month, for the time the~~
~~12 5 home is actually situated in Iowa.~~
12 6 Sec. 23. Section 435.24, subsections 1, 2, and 4, Code
12 7 2003, are amended to read as follows:
12 8 1. ~~The annual tax is due and payable to the county~~
~~12 9 treasurer on or after July 1 in each fiscal year and is~~
~~12 10 collectible in the same manner and at the same time as~~
~~12 11 ordinary taxes as provided in sections 445.36, 445.37, and~~
~~12 12 445.39. Interest at the rate prescribed by law shall accrue~~
~~12 13 on unpaid taxes. Both installments of taxes may be paid at~~
~~12 14 one time. The September installment represents a tax period~~
~~12 15 beginning July 1 and ending December 31. The March~~
~~12 16 installment represents a tax period beginning January 1 and~~
~~12 17 ending June 30. A mobile home, manufactured home, or modular~~
~~12 18 home coming into this state from outside the state, put in use~~
~~12 19 from a dealer's inventory, or put in use at any time after~~
~~12 20 July 1 or January 1, and located in a manufactured home~~
~~12 21 community or mobile home park, is subject to the taxes~~
~~12 22 prorated for the remaining unexpired months of the tax period,~~
~~12 23 but the purchaser is not required to pay the tax at the time~~
~~12 24 of purchase. Interest attaches the following April 1 for~~
~~12 25 taxes prorated on or after October 1. Interest attaches the~~
~~12 26 following October 1 for taxes prorated on or after April 1.~~
~~12 27 Interest at the rate prescribed by law shall accrue on unpaid~~
~~12 28 taxes. If the taxes are not paid, the county treasurer shall~~
12 29 send a statement of delinquent taxes as part of the notice of
12 30 tax sale as provided in section 446.9. ~~The owner of a home~~
~~12 31 who sells the home between July 1 and December 31 and obtains~~
~~12 32 a tax clearance statement is responsible only for the~~
~~12 33 September tax payment and is not required to pay taxes for~~
~~12 34 subsequent tax periods. If the owner of a home located in a~~
~~12 35 manufactured home community or mobile home park sells the~~
13 1 home, obtains a tax clearance statement, and obtains a
13 2 replacement home to be located in a manufactured home
13 3 community or mobile home park, the owner shall not pay taxes
13 4 under this chapter for the newly acquired home for the same
13 5 tax period that the owner has paid taxes on the home sold.
13 6 Interest for delinquent taxes shall be calculated to the
13 7 nearest whole dollar. In calculating interest each fraction
13 8 of a month shall be counted as an entire month.
13 9 2. The home owners upon issuance of a certificate of title
13 10 or upon transporting to a new site shall file the address,
13 11 township, and school district, of the location where the home
13 12 is parked with the county treasurer's office. Failure to
13 13 comply is punishable as set out in section 435.18. ~~When the~~
~~13 14 new location is outside of a manufactured home community or~~
~~13 15 mobile home park, the~~ The county treasurer shall provide to
13 16 the assessor a copy of the tax clearance statement for
13 17 purposes of assessment as real estate on the following January
13 18 1.
13 19 4. The tax is a lien on the vehicle senior to any other
13 20 lien upon it except a judgment obtained in an action to
13 21 dispose of an abandoned home under section 555B.8. The home
13 22 bearing a current registration issued by any other state and
13 23 remaining within this state for an accumulated period not to
13 24 exceed ninety days in any twelve-month period is not subject
13 25 to Iowa tax. However, when one or more persons occupying a

13 26 home bearing a foreign registration are employed in this
13 27 state, there is no exemption from the Iowa tax. ~~This tax is~~
~~13 28 in lieu of all other taxes general or local on a home.~~
13 29 Sec. 24. Section 435.26, subsection 1, paragraph a, Code
13 30 2003, is amended to read as follows:
13 31 a. A mobile home or manufactured home which is located
13 32 outside a manufactured home community or mobile home park
13 33 ~~shall be converted to real estate by being~~ shall be placed on
13 34 a permanent foundation and shall be assessed for real estate
13 35 taxes. ~~A home, after conversion to real estate, is eligible~~
~~14 1 for the homestead tax credit and the military tax exemption as~~
~~14 2 provided in sections 425.2 and 426A.11. Such mobile home or~~
~~14 3 manufactured home is subject to the requirements of this~~
~~14 4 section.~~
14 5 Sec. 25. Section 435.27, subsection 1, Code 2003, is
14 6 amended to read as follows:
14 7 1. A mobile home or manufactured home ~~converted to real~~
~~14 8 estate~~ under section 435.26 ~~may be reconverted to a home as~~
~~14 9 provided in this section when it~~ that is moved to a
14 10 manufactured home community or mobile home park or a
14 11 manufactured or mobile home retailer's inventory ~~is subject to~~
~~14 12 the requirements of this section. When the home is located~~
~~14 13 within a manufactured home community or mobile home park, the~~
~~14 14 home shall be taxed pursuant to section 435.22, subsection 1.~~
14 15 Sec. 26. Section 435.27, subsection 3, Code 2003, is
14 16 amended by striking the subsection.
14 17 Sec. 27. Section 435.28, Code 2003, is amended to read as
14 18 follows:
14 19 435.28 COUNTY TREASURER TO NOTIFY ASSESSOR.
14 20 Upon issuance of a certificate of title to a mobile home or
14 21 manufactured home which is not located in a ~~manufactured home~~
~~14 22 community or mobile home park or dealer's~~ inventory, the
14 23 county treasurer shall notify the assessor of the existence of
14 24 the home for tax assessment purposes.
14 25 Sec. 28. Section 435.35, Code 2003, is amended to read as
14 26 follows:
14 27 435.35 EXISTING HOME OUTSIDE OF MANUFACTURED HOME
14 28 COMMUNITY OR MOBILE HOME PARK == EXEMPTION.
14 29 A taxable mobile home or manufactured home which is not
14 30 located in a manufactured home community or mobile home park
14 31 as of January 1, 1995, ~~shall be assessed and taxed as real~~
~~14 32 estate. The home is also~~ exempt from the permanent foundation
14 33 requirements of this chapter until the home is relocated.
14 34 Sec. 29. Section 441.1, Code 2003, is amended to read as
14 35 follows:
15 1 441.1 OFFICE OF ASSESSOR CREATED.
15 2 ~~In~~ Except as otherwise provided in section 441.16A, in
15 3 every county in the state of Iowa the office of assessor is
15 4 hereby created. A city having a population of ten thousand or
15 5 more, according to the latest federal census, may by ordinance
15 6 provide for the selection of a city assessor and for the
15 7 assessment of property in the city under the provisions of
15 8 this chapter. A city desiring to provide for assessment under
15 9 the provisions of this chapter shall, not less than sixty days
15 10 before the expiration of the term of the assessor in office,
15 11 notify the taxing bodies affected and proceed to establish a
15 12 conference board, examining board, and board of review and
15 13 select an assessor, all as provided in this chapter. A city
15 14 desiring to abolish the office of city assessor shall repeal
15 15 the ordinance establishing the office of city assessor, notify
15 16 the county conference board and the affected taxing districts,
15 17 provide for the transfer of appropriate records and other
15 18 matters, and provide for the abolition of the respective
15 19 boards and the termination of the terms of office of the
15 20 assessor and members of the respective boards. The abolition
15 21 of the city assessor's office shall take effect on July 1
15 22 following notification of the abolition unless otherwise
15 23 agreed to by the affected conference boards. If notification
15 24 of the proposed abolition is made after January 1, sufficient
15 25 funds shall be transferred from the city assessor's budget to
15 26 fund the additional responsibilities transferred to the county
15 27 assessor for the next fiscal year.
15 28 Sec. 30. NEW SECTION. 441.16A COUNTIES JOINING IN
15 29 EMPLOYMENT OF ASSESSOR.
15 30 The conference boards of two or more adjacent counties may
15 31 enter into an agreement to jointly employ a county assessor.
15 32 Such agreement shall be written and entered in their
15 33 respective minutes. The written agreement shall provide for
15 34 the manner of allocation of the budget of the assessor's
15 35 office. The provisions of chapter 28E shall be applicable to
16 1 this section, except that such agreement shall not be

16 2 applicable for a period of less than six years beginning from
16 3 the date the multicounty assessor is appointed by the
16 4 conference board.

16 5 The conference board shall be established as provided in
16 6 section 441.2, with representation from each county that is a
16 7 party to the agreement. The conference board shall appoint
16 8 one examining board.

16 9 The term of the multicounty assessor shall begin on July 1
16 10 following the date of the agreement and the terms of the
16 11 incumbent assessor in each county that is a party to the
16 12 agreement shall expire on that date, notwithstanding the term
16 13 specified in section 441.8.

16 14 The conference boards of two or more counties may only
16 15 enter into an agreement under this section if an incumbent
16 16 assessor in one of the counties resigns or does not seek
16 17 reappointment or if the conference board of one of the
16 18 counties indicates a desire not to reappoint the assessor at a
16 19 meeting held pursuant to section 441.8.

16 20 Sec. 31. Section 441.21, subsection 1, Code 2003, is
16 21 amended by adding the following new paragraph:

16 22 NEW PARAGRAPH. h. The assessor shall determine the value
16 23 of real property in accordance with rules adopted by the
16 24 revenue department and in accordance with forms and guidelines
16 25 contained in the real property appraisal manual prepared by
16 26 the department as updated from time to time, as long as such
16 27 rules, forms, and guidelines are not inconsistent with or
16 28 change the means, as provided in this section, of determining
16 29 the actual, market, taxable, and assessed values.

16 30 If the director of revenue and finance determines that an
16 31 assessor has disregarded the rules of the department relating
16 32 to valuation of property or has disregarded the forms and
16 33 guidelines contained in the real property appraisal manual,
16 34 the department shall take steps to withhold the payment
16 35 authorized in chapter 405A to the county or city, as
17 1 applicable, until the assessor is determined to be in
17 2 compliance. The department shall adopt rules relating to
17 3 application of this paragraph.

17 4 Sec. 32. Section 441.21, subsection 2, Code 2003, is
17 5 amended to read as follows:

17 6 2. In the event market value of the property being
17 7 assessed cannot be readily established in the foregoing
17 8 manner, then the assessor may determine the value of the
17 9 property using the other uniform and recognized appraisal
17 10 methods including its productive and earning capacity, if any,
17 11 industrial conditions, its cost, physical and functional
17 12 depreciation and obsolescence and replacement cost, and all
17 13 other factors which would assist in determining the fair and
17 14 reasonable market value of the property but the actual value
17 15 shall not be determined by use of only one such factor. The
17 16 following shall not be taken into consideration: Special
17 17 value or use value of the property to its present owner, and
17 18 the good will or value of a business which uses the property
17 19 as distinguished from the value of the property as property.
17 20 However, in assessing property that is rented or leased to
17 21 low-income individuals and families as authorized by section
17 22 42 of the Internal Revenue Code, as amended, and which section
17 23 limits the amount that the individual or family pays for the
17 24 rental or lease of units in the property, the assessor shall
17 25 use the productive and earning capacity from the actual rents
17 26 received as a method of appraisal and shall take into account
17 27 the extent to which that use and limitation reduces the market
17 28 value of the property. The assessor shall not consider any
17 29 tax credit equity or other subsidized financing as income
17 30 provided to the property in determining the assessed value.
17 31 Upon adoption of uniform rules by the revenue department or
17 32 succeeding authority covering assessments and valuations of
17 33 such properties, ~~said the valuation on such properties shall~~
17 34 ~~be determined in accordance therewith with such rules and in~~
17 35 ~~accordance with forms and guidelines contained in the real~~

18 1 ~~property appraisal manual prepared by the department as~~
18 2 ~~updated from time to time for assessment purposes to assure~~
18 3 ~~uniformity, but such rules, forms, and guidelines shall not be~~
18 4 ~~inconsistent with or change the foregoing means of determining~~
18 5 ~~the actual, market, taxable and assessed values.~~

18 6 Sec. 33. Section 441.21, subsection 4, Code 2003, is
18 7 amended by adding the following new unnumbered paragraphs:

18 8 NEW UNNUMBERED PARAGRAPH. For valuations established as of
18 9 January 1, 2003, and each year thereafter, the percentage of
18 10 actual value, as equalized by the director of revenue and
18 11 finance as provided in section 441.49, at which residential
18 12 property shall be assessed shall not be less than fifty

18 13 percent. If the percentage of actual value of residential
18 14 property as calculated in accordance with this subsection is
18 15 less than fifty percent, the director of revenue and finance
18 16 shall increase the percentage to fifty percent. For purposes
18 17 of determining valuations in the assessment year beginning
18 18 January 1, 2004, and for each subsequent assessment year, the
18 19 actual percentage for the prior year as determined under this
18 20 subsection before adjustment under this paragraph, if
18 21 necessary, shall be the percentage used in making the
18 22 calculation of the dividend for that assessment year.

18 23 NEW UNNUMBERED PARAGRAPH. For valuations established as of
18 24 January 1, 2004, and each year thereafter, the percentage of
18 25 actual value, as equalized by the director of revenue and
18 26 finance as provided in section 441.49, at which agricultural
18 27 property shall be assessed in each county shall not be less
18 28 than forty percent of the market value of agricultural
18 29 property for each county, established annually by Iowa state
18 30 university. If the percentage of actual value of agricultural
18 31 property as calculated in accordance with this subsection is
18 32 less than forty percent in any one county, the director of
18 33 revenue and finance shall increase the percentage to forty
18 34 percent in that county. The ratio of productivity value to
18 35 market value shall be computed separately for each county and
19 1 the forty percent limitation shall be applied on a per county
19 2 basis, rather than in the aggregate for all counties. For
19 3 purposes of determining valuations in the assessment year
19 4 beginning January 1, 2005, and for each subsequent assessment
19 5 year, the actual percentage for the prior year as determined
19 6 under this subsection before adjustment under this paragraph,
19 7 if necessary, shall be the percentage used in making the
19 8 calculation of the dividend for that assessment year.
19 9 Notwithstanding section 441.49, the director of revenue and
19 10 finance shall equalize values of agricultural property for the
19 11 assessment year beginning January 1, 2004.

19 12 Sec. 34. Section 441.21, subsection 5, Code 2003, is
19 13 amended by adding the following new unnumbered paragraph:

19 14 NEW UNNUMBERED PARAGRAPH. For valuations established as of
19 15 January 1, 2004, and each year thereafter, the percentage of
19 16 actual value, as equalized by the director of revenue and
19 17 finance as provided in section 441.49, at which commercial and
19 18 industrial property shall be assessed shall not be more than
19 19 eighty-five percent. If the percentage of actual value of
19 20 commercial and industrial property as calculated in accordance
19 21 with this subsection is more than eighty-five percent, the
19 22 director of revenue and finance shall decrease the percentage
19 23 to eighty-five percent. For purposes of determining
19 24 valuations in the assessment year beginning January 1, 2005,
19 25 and for each subsequent assessment year, the actual percentage
19 26 for the prior year as determined under this subsection before
19 27 adjustment under this paragraph, if necessary, shall be the
19 28 percentage used in making the calculation of the dividend for
19 29 that assessment year.

19 30 Sec. 35. Section 441.21, Code 2003, is amended by adding
19 31 the following new subsection:

19 32 NEW SUBSECTION. 13. Beginning with the assessment year
19 33 beginning January 1, 2004, and for all subsequent assessment
19 34 years, commercial property and industrial property shall be
19 35 assessed as one class of property.

20 1 Sec. 36. Section 441.37, subsection 1, Code 2003, is
20 2 amended by adding the following new unnumbered paragraph:

20 3 NEW UNNUMBERED PARAGRAPH. In lieu of filing a protest with
20 4 the local board of review, a property owner or aggrieved
20 5 taxpayer of industrial property may file a protest with the
20 6 director of revenue and finance. Such protest must meet the
20 7 requirements of this subsection. The costs incurred by the
20 8 department associated with the protest of an assessment to the
20 9 director of revenue and finance shall be paid from the
20 10 assessment expense fund of the county where the property is
20 11 located.

20 12 Sec. 37. Section 441.37, subsection 3, Code 2003, is
20 13 amended to read as follows:

20 14 3. a. After the board of review has considered any
20 15 protest filed by a property owner or aggrieved taxpayer and
20 16 made final disposition of the protest, the board shall give
20 17 written notice to the property owner or aggrieved taxpayer who
20 18 filed the protest of the action taken by the board of review
20 19 on the protest. The written notice to the property owner or
20 20 aggrieved taxpayer shall also specify the reasons for the
20 21 action taken by the board of review on the protest.

20 22 b. After the department has considered any protest filed
20 23 by a property owner or aggrieved taxpayer of an industrial

20 24 property assessment and made final disposition of the protest,
20 25 the department shall give written notice to the local board of
20 26 review and to the property owner or aggrieved taxpayer who
20 27 filed the protest of the action taken by the department on the
20 28 protest. The written notice to the local board of review, and
20 29 to the property owner or aggrieved taxpayer, shall also
20 30 specify the reasons for the action taken by the department on
20 31 the protest. Action taken on a protest filed under this
20 32 paragraph is final and the property owner or aggrieved
20 33 taxpayer is prohibited from appealing the action to district
20 34 court.

20 35 Sec. 38. Section 441.47, Code 2003, is amended by adding
21 1 the following new unnumbered paragraph:

21 2 NEW UNNUMBERED PARAGRAPH. Each county for which there is
21 3 appointed a multicounty assessor pursuant to section 441.16A
21 4 is considered a separate assessing jurisdiction for purposes
21 5 of this section.

21 6 Sec. 39. Section 441.54, Code 2003, is amended to read as
21 7 follows:

21 8 441.54 CONSTRUCTION.

21 9 Whenever in the laws of this state, the words "assessor" or
21 10 "assessors" appear, singly or in combination with other words,
21 11 they shall be deemed to mean and refer to the multicounty,
21 12 county, or city assessor, as the case may be.

21 13 Sec. 40. NEW SECTION. 444.25 PROPERTY TAX LIMITATIONS.

21 14 1. COUNTY LIMITATION.

21 15 a. For the fiscal year beginning July 1, 2004, and for all
21 16 subsequent fiscal years, the maximum amount of property tax
21 17 dollars that may be certified by a county for taxes payable in
21 18 the budget year shall not exceed the amount of property tax
21 19 dollars certified by the county for taxes payable in the
21 20 current fiscal year for each of the levies for the following:

21 21 (1) General county services under section 331.422,
21 22 subsection 1.

21 23 (2) Rural county services under section 331.422,
21 24 subsection 2.

21 25 (3) Other taxes under section 331.422, subsection 4.

21 26 b. The limitation provided in this subsection does not
21 27 apply to the levies on the increase in taxable valuation due
21 28 to new construction, additions or improvements to existing
21 29 structures, remodeling of existing structures for which a
21 30 building permit is required, annexation, and phasing out of
21 31 tax exemptions, and on the increase in valuation of taxable
21 32 property as a result of a comprehensive revaluation by a
21 33 private appraiser under a contract entered into prior to
21 34 January 1, 2003, or as a result of a comprehensive revaluation
22 1 directed or authorized by the conference board prior to
22 2 January 1, 2003, with documentation of the contract,
22 3 authorization, or directive on the revaluation provided to the
22 4 director of revenue and finance, if the levies are equal to or
22 5 less than the levies for the previous year; levies on that
22 6 portion of the taxable property located in an urban renewal
22 7 project the tax revenues from which are no longer divided as
22 8 provided in section 403.19, subsection 2; or as otherwise
22 9 provided in this section.

22 9 2. CITY LIMITATION.

22 10 a. For the fiscal year beginning July 1, 2004, and for all
22 11 subsequent fiscal years, the maximum amount of property tax
22 12 dollars that may be certified by a city for taxes payable in
22 13 the budget year shall not exceed the amount in property tax
22 14 dollars certified by the city for taxes payable in the current
22 15 fiscal year for each of the levies for the following:

22 16 (1) City government purposes under section 384.1.

22 17 (2) Emergency fund purposes under section 384.8.

22 18 (3) Other city government purposes under section 384.12
22 19 unless such levies have been approved by a vote of the people.

22 20 b. The limitation provided in this subsection does not
22 21 apply to the levies on the increase in taxable valuation due
22 22 to new construction, additions or improvements to existing
22 23 structures, remodeling of existing structures for which a
22 24 building permit is required, annexation, and phasing out of
22 25 tax exemptions, and on the increase in valuation of taxable
22 26 property as a result of a comprehensive revaluation by a
22 27 private appraiser under a contract entered into prior to
22 28 January 1, 2003, or as a result of a comprehensive revaluation
22 29 directed or authorized by the conference board prior to
22 30 January 1, 2003, with documentation of the contract,
22 31 authorization, or directive on the revaluation provided to the
22 32 director of revenue and finance, if the levies are equal to or
22 33 less than the levies for the previous year; levies on that
22 34 portion of the taxable property located in an urban renewal

22 35 project the tax revenues from which are no longer divided as
23 1 provided in section 403.19, subsection 2; or as otherwise
23 2 provided in this section.

23 3 3. GROWTH OPPORTUNITIES. The dollar amount computed under
23 4 subsection 1 or 2 may be increased each year, as provided in
23 5 this subsection.

23 6 a. The dollar amount determined in subsection 1, paragraph
23 7 "a", or subsection 2, paragraph "a", shall be increased by the
23 8 product of the amount in subsection 1, paragraph "a", or
23 9 subsection 2, paragraph "a", and the percentage change in the
23 10 consumer price index or times one and one-half percent,
23 11 whichever is lower. For purposes of this subsection,
23 12 "consumer price index" means the percentage rate of change in
23 13 the consumer price index as tabulated by the United States
23 14 department of labor, bureau of labor statistics, for the
23 15 twelve-month period ending June 30 of the fiscal year
23 16 immediately preceding the current fiscal year.

23 17 b. The dollar amount determined in subsection 1, paragraph
23 18 "a", or subsection 2, paragraph "a", may be increased by an
23 19 additional one percent for the fiscal year following the
23 20 calendar year that the federal government disseminates
23 21 population data pursuant to Pub. L. No. 94-171 if such data
23 22 shows that the population of the county or city, as
23 23 applicable, increased by ten percent or more from the previous
23 24 federal decennial census.

23 25 c. The dollar amount determined in subsection 1, paragraph
23 26 "a", or subsection 2, paragraph "a", may be increased by an
23 27 additional one percent if the budget year enrollment in the
23 28 county or city, as applicable, increased by more than two
23 29 percent over the enrollment in the current fiscal year. For
23 30 purposes of this paragraph, "enrollment" means the number of
23 31 pupils residing in the county or city, as applicable, and
23 32 attending kindergarten through twelfth grade in an accredited
23 33 public or nonpublic school in the state.

23 34 4. EXCEPTIONS. The limitations provided in subsections 1
23 35 and 2 do not apply to the levies made for the following:

24 1 a. Debt service to be deposited into the debt service fund
24 2 pursuant to section 331.430 or 384.4.

24 3 b. Trust and agency purposes as described in section 384.6
24 4 to be deposited in the trust and agency funds established by a
24 5 city or as described in section 331.424, subsection 1,
24 6 paragraph "d", and section 331.424, subsection 2, paragraph
24 7 "a".

24 8 c. Taxes or tax levies approved by a vote of the people.

24 9 d. Hospitals pursuant to chapters 37, 347, and 347A.

24 10 5. APPEAL PROCEDURES. If a city or county needs to
24 11 increase the amount of property tax dollars raised from a tax
24 12 levy in excess of the amounts allowed in subsections 1 through
24 13 3, the following procedures apply:

24 14 a. Not later than March 1, and after the publication and
24 15 public hearing on the budget in the manner and form prescribed
24 16 by the director of the department of management,
24 17 notwithstanding sections 331.434, 362.3, and 384.16, the city
24 18 or county shall petition the state appeal board for approval
24 19 of a property tax increase in excess of the increases provided
24 20 for in subsection 3, on forms furnished by the director of the
24 21 department of management. Applications received after March 1
24 22 shall be automatically ineligible for consideration by the
24 23 board.

24 24 b. Additional costs incurred by the city or county due to
24 25 any of the following circumstances shall be the basis for
24 26 justifying the extraordinary increase in property tax dollars
24 27 under this subsection:

24 28 (1) Natural disaster or other life-threatening
24 29 emergencies.

24 30 (2) Unusual need for additional moneys to finance existing
24 31 programs that would provide substantial benefit to city or
24 32 county residents or compelling need to finance new programs
24 33 that would provide substantial benefit to city or county
24 34 residents.

24 35 (3) Need for additional moneys for health care, treatment,
25 1 and facilities, including mental health and mental retardation
25 2 care and treatment pursuant to section 331.424, subsection 1,
25 3 paragraphs "a" and "b".

25 4 (4) Judgments, settlements, and related costs arising out
25 5 of civil claims against the city or county and its officers,
25 6 employees, and agents, as defined in chapter 670.

25 7 c. The state appeal board shall approve, disapprove, or
25 8 reduce the amount of excess property tax dollars requested.
25 9 The board shall take into account the intent of this section
25 10 to provide property tax relief. The decision of the board

25 11 shall be rendered at a regular or special meeting of the board
25 12 within twenty days of the board's receipt of an appeal.
25 13 d. Within seven days of receipt of the decision of the
25 14 state appeal board, the county or city shall adopt and certify
25 15 its budget under section 331.434 or 384.16, which budgets may
25 16 be protested as provided in section 331.436 or 384.19. The
25 17 budget shall not contain an amount of property tax dollars in
25 18 excess of the amount approved by the state appeal board.

25 19 6. COUNTY AUDITOR ADJUSTMENT. In addition to the
25 20 requirement of the county auditor in section 444.3 to
25 21 establish a rate of tax which does not exceed the rate
25 22 authorized by law, the county auditor shall also adjust the
25 23 rate if the amount of property tax dollars to be raised is in
25 24 excess of the amount specified in subsections 1 and 3 for a
25 25 county or subsections 2 and 3 for a city, as such rates may be
25 26 adjusted pursuant to subsection 5.

25 27 7. DEFINITIONS. For purposes of this section, "budget
25 28 year" and "current fiscal year" mean the same as defined in
25 29 section 331.421.

25 30 Sec. 41. NEW SECTION. 444.25A OTHER PROPERTY TAX LEVY
25 31 LIMITATIONS NOT AFFECTED.

25 32 Section 444.25 shall not be construed as removing or
25 33 otherwise affecting the property tax limitations otherwise
25 34 provided by law for any tax levy of the political subdivision.

25 35 Sec. 42. Section 445.5, subsection 1, Code 2003, is
26 1 amended by adding the following new paragraph:

26 2 NEW PARAGRAPH. j. The information required pursuant to
26 3 section 331.430A, subsection 3.

26 4 Sec. 43. Sections 331.426 and 435.34, Code 2003, are
26 5 repealed.

26 6 Sec. 44. EFFECTIVE AND APPLICABILITY DATES.

26 7 1. The sections of this Act amending sections 435.22
26 8 through 435.24, 435.26 through 435.28, and 435.35, and
26 9 repealing section 435.34, apply to property taxes on mobile
26 10 and manufactured homes due and payable in the fiscal year
26 11 beginning July 1, 2005.

26 12 2. The repeal of section 331.426 in this Act takes effect
26 13 July 1, 2004, and applies to fiscal years beginning on or
26 14 after that date.

26 15 3. The sections of this Act amending sections 331.401,
26 16 331.427, 331.428, 331.436, and 445.5, enacting section
26 17 331.421, subsections 1A, 2A, 5A, and 7A, amending section
26 18 331.421, subsections 7 and 8, enacting section 331.430A, and
26 19 enacting section 331.434, subsection 8, apply to fiscal years
26 20 beginning on or after July 1, 2004.

26 21 EXPLANATION

26 22 This bill makes changes relating to assessment and taxation
26 23 of real property and to city and county budgets.

26 24 The bill makes changes regarding state appropriations
26 25 relating to property tax credits and exemptions and local
26 26 government assistance and legislation relating to property tax
26 27 rates. The bill provides that, beginning with the fiscal year
26 28 beginning July 1, 2004, a state appropriation made to fund a
26 29 property tax credit or exemption shall not be reduced from the
26 30 amount appropriated the year before unless the appropriation
26 31 receives approval of three-fifths of the members of each house
26 32 of the general assembly. The bill also provides that for
26 33 fiscal years beginning on or after July 1, 2004, the general
26 34 assembly shall not increase any maximum property tax levy rate
26 35 set in statute unless the increase receives approval of three=
27 1 fifths of the members of each house of the general assembly.
27 2 The bill further provides that, for fiscal years beginning on
27 3 or after July 1, 2004, the general assembly shall not approve
27 4 a reduction in state appropriations for local government
27 5 assistance unless the reduction receives approval of three=
27 6 fifths of the members of each house of the general assembly.
27 7 The bill defines "local government assistance".

27 8 The bill requires the establishment of a county property
27 9 tax replacement fund in each county. The bill provides that
27 10 local option sales tax revenues and amounts appropriated by
27 11 the general assembly for property tax relief are to be
27 12 credited to the fund. For each fiscal year, the county
27 13 auditor is to reduce the amount of the certified levy by the
27 14 amount of moneys in the fund before calculating the property
27 15 tax rate. If moneys in the fund are designated or allocated
27 16 for property tax relief in the unincorporated area only, the
27 17 auditor shall reduce the certified levy for the rural services
27 18 fund. If moneys in the fund are designated or allocated for
27 19 countywide property tax relief, the auditor shall reduce the
27 20 certified levy for the general services fund. If amounts in
27 21 the fund are not specifically designated or allocated, the

27 22 certified levies for both funds shall be reduced
27 23 proportionately. The bill further provides that the amount of
27 24 property tax dollars reduced on each parcel as a result of
27 25 moneys received from the property tax replacement fund shall
27 26 be noted on each tax statement prepared by the county
27 27 treasurer. This portion of the bill applies to fiscal years
27 28 beginning on or after July 1, 2004.

27 29 The bill provides definitions for the following as they
27 30 relate to county budgets: "budget year", "current fiscal
27 31 year", "fee-supported services", and "previous fiscal year".
27 32 The bill amends the definition of "general county services" to
27 33 include fee-supported services and to exclude rural county
27 34 services. The bill also amends the definition of "rural
27 35 county services" to provide that rural county services are
28 1 those that exclusively benefit those persons residing in the
28 2 county outside of incorporated city areas. The bill adds
28 3 salary costs and expenses incurred in the performance of all
28 4 law enforcement responsibilities to the list of general county
28 5 services for which a county board of supervisors may make
28 6 appropriations from the general fund. The bill provides that
28 7 services paid for from the general fund in the current fiscal
28 8 year or in the previous fiscal year may not be transferred to
28 9 the rural services fund. These changes apply to fiscal years
28 10 beginning on or after July 1, 2004.

28 11 The bill requires that if a county's ending fund balance
28 12 for a budget year exceeds 25 percent of budgeted expenditures,
28 13 the excess over 25 percent must be explicitly reserved or
28 14 designated for a specific purpose. This portion of the bill
28 15 applies to ending fund balances in the general fund and the
28 16 rural services fund. The bill provides that if the amount of
28 17 the ending fund balance is protested to the state appeal
28 18 board, the county has the burden of proving that the amount
28 19 over 25 percent is reasonably likely to be appropriated for
28 20 the reserved or designated purpose and that the amount is
28 21 necessary, reasonable, and in the interest of the public
28 22 welfare. This portion of the bill defines "item".

28 23 The bill removes the square footage tax on mobile homes and
28 24 manufactured homes and replaces it with the ad valorem tax
28 25 imposed on other real property. The division provides that
28 26 real estate of a mobile home park or land-leased community
28 27 shall be assessed and taxed as residential property. These
28 28 sections of the division apply to taxes due and payable in the
28 29 fiscal year beginning July 1, 2005.

28 30 The bill allows counties to enter into an agreement for
28 31 employment of a multicounty assessor. The bill provides for
28 32 conference board representation from each county that is a
28 33 party to the agreement and provides for one examining board in
28 34 the multicounty area. The bill requires that an agreement for
28 35 multicounty assessor shall be in force for at least six years.

29 1 The bill requires local assessors, when assessing property,
29 2 to use the forms and apply the guidelines contained in the
29 3 real property appraisal manual prepared by the department of
29 4 revenue and finance. If the department determines that an
29 5 assessor, when assessing property, is willfully disregarding
29 6 rules, forms, and guidelines of the department, the department
29 7 shall take steps to withhold the county's or city's personal
29 8 property tax replacement payment by the state until the
29 9 assessor complies with the rules, forms, and guidelines.

29 10 The bill limits the percentage of actual value that
29 11 residential property may be rolled back to 50 percent
29 12 beginning with the assessment year beginning January 1, 2003.
29 13 Beginning with the assessment year beginning January 1, 2003,
29 14 the bill limits the percentage of actual value (productivity
29 15 value) that agricultural property may be rolled back to an
29 16 amount equal to 40 percent of the market value of agricultural
29 17 property as established annually by Iowa state university.
29 18 The bill also provides that, beginning with the assessment
29 19 year beginning January 1, 2003, the percent of actual value at
29 20 which commercial and industrial property may be assessed is
29 21 limited to 85 percent.

29 22 The bill provides that, beginning with the assessment year
29 23 beginning January 1, 2004, commercial and industrial property
29 24 shall be assessed as one class of property.

29 25 The bill provides that an owner or aggrieved taxpayer of
29 26 industrial property may protest an assessment to the director
29 27 of revenue and finance. Action taken on a protest made to the
29 28 director of revenue and finance is final and the owner or
29 29 aggrieved taxpayer is not allowed to appeal such action to
29 30 district court.

29 31 The bill limits the maximum dollar amounts of property tax
29 32 levies to be imposed by cities and counties to the dollar

29 33 amounts of the property taxes levied in the previous year,
29 34 with certain exceptions. The bill also allows the amount of
29 35 the county's or city's previous year's tax levy to be
30 1 increased as follows: by 1.5 percent or the consumer price
30 2 index, whichever is lower; by 1 percent in the fiscal year
30 3 following the federal decennial census if the population of
30 4 the county or city, as applicable, has grown by 10 percent or
30 5 more; and by 1 percent if the budget year enrollment in the
30 6 county or city, as applicable, increased by more than 2
30 7 percent over the pupil enrollment in the current fiscal year.
30 8 The bill defines "enrollment". The limitation on property
30 9 taxes may be exceeded for certain expenditures if the county
30 10 or city, as applicable, files a petition with the state appeal
30 11 board by March 1 and the petition is approved by the state
30 12 appeal board. Conforming amendments relating to exceeding
30 13 property tax levies are made to Code sections 24.48 and
30 14 331.426. The limitation on property taxes applies to fiscal
30 15 years beginning on or after July 1, 2004.

30 16 The bill creates a property tax study committee to be
30 17 coordinated and administered by the department of revenue and
30 18 finance. Membership on the committee includes representatives
30 19 from the general assembly, the governor's office, the
30 20 department of revenue and finance, the department of
30 21 management, and various interest groups. The committee is to
30 22 be staffed by the department of revenue and finance and the
30 23 department of management. The committee is to monitor
30 24 implementation of the bill, including impacts on property
30 25 taxpayer burden, county and city budgets, and the school aid
30 26 funding formula and make recommendations for legislative
30 27 changes related to the bill and other changes to property tax
30 28 law that go beyond the scope of the bill. The committee is to
30 29 annually report to the general assembly and the governor. The
30 30 section creating the committee is repealed effective July 1,
30 31 2009.
30 32 LSB 3427SC 80
30 33 sc/sh/8